SUPREME COURT OF APPEALS OF WEST VIRGINIA

Schoolhouse Limited Liability Company v. Creekside Owners Association

No. 13-0812 (W. Va. May 8, 2014) · No. No. 13-0812 · Decided May 8, 2014

SUMMARY

The Supreme Court of Appeals of West Virginia reviewed a circuit court order approving a good-faith settlement between Creekside Owners Association and several defendants and dismissing Schoolhouse Limited Liability Company's implied indemnity cross-claim. The court held that the settlement extinguished the cross-claim because Creekside's remaining claims against Schoolhouse were based on Schoolhouse's alleged independent conduct rather than imputed, strict, or vicarious liability for the settling defendants' conduct. The circuit court's order was affirmed.

CASE DETAILS

COURT	Supreme Court of Appeals of West Virginia
WRITING FOR THE COURT	Per curiam; Chief Justice Robin Jean Davis; Justice Brent D. Benjamin; Justice Margaret L. Workman; Justice Menis E. Ketchum; Justice Allen H. Loughry II
JURISDICTION	West Virginia
DECIDED	May 8, 2014
DOCKET	No. 13-0812
DISPOSITION	affirmed
PROCEDURAL POSTURE	Schoolhouse appealed from a Rule 54(b) final order approving a mediated settlement between Creekside and several defendants and dismissing Schoolhouse's cross-claim for implied indemnity against the settling defendants.
STANDARD OF REVIEW	De novo review applies to an order granting a motion to dismiss. The court also noted that summary judgment would be reviewed de novo if the circuit court's consideration of matters outside the pleadings converted the ruling to summary judgment.
PRECEDENTIAL VALUE	published memorandum decision
PARTIES	Schoolhouse Limited Liability Company v. Creekside Owners Association

TOPICS

civil procedure · appellate procedure · motions to dismiss · torts · construction law

PRACTICE AREAS

civil procedure · appellate procedure · torts · construction law · real estate

QUESTIONS PRESENTED

1. Whether a good-faith settlement between the plaintiff and several defendants extinguished the non-settling defendant's cross-claim for implied indemnity.
2. Whether the claims against Schoolhouse were based on Schoolhouse's independent conduct rather than imputed, strict, or vicarious liability for the settling defendants' conduct.
3. Whether the circuit court properly dismissed the implied-indemnity cross-claim under the applicable Rule 12(b)(6) standard.

HOLDINGS

1. A good-faith settlement extinguishes a non-settling defendant's claim for implied indemnity when the non-settling defendant's potential liability is based on its own independent fault or negligence rather than imputed, strict, or vicarious liability for the settling defendants' conduct.
2. An order granting a motion to dismiss is reviewed de novo, and dismissal is proper when it appears beyond doubt that the plaintiff can prove no set of facts supporting a claim for relief.

KEY QUOTATIONS

> *"Implied indemnity is based upon principles of equity and restitution and one must be without fault to obtain implied indemnity."* (8)

> *"Thus, in this instance, the respondents' good faith settlement does, in fact, extinguish Schoolhouse's implied indemnity cross-claim."* (9)

FACTUAL BACKGROUND

Creekside Owners Association sued Schoolhouse, the developer and declarant of the Creekside Villas condominium complex, along with the general contractor, architect, realtor, subcontractors, and suppliers. Creekside alleged negligence, conspiracy, breach of warranty, fraud, misrepresentation, and related claims concerning the design, construction, marketing, and sale of the condominium project. Schoolhouse denied wrongdoing and asserted implied-indemnity and contribution cross-claims against co-defendants. Several defendants settled with Creekside for $600,000, and Creekside dismissed with prejudice all claims against them and all vicarious-liability claims based on their work or products.

PROCEDURAL HISTORY

Creekside sued Schoolhouse and numerous entities over alleged defects and misconduct involving the development, construction, marketing, and sale of a condominium complex. Schoolhouse asserted cross-claims for implied indemnity and contribution. After a mediated settlement between Creekside and several defendants, the circuit court approved the settlement and dismissed all claims against the settling defendants, including Schoolhouse's implied-indemnity cross-claim. Creekside subsequently stipulated to dismissal with prejudice of all vicarious-liability claims arising from the settling defendants' work or products. The Supreme Court of Appeals affirmed.

DISPOSITION

affirmed

CASES CITED

- State ex rel. McGraw v. Scott Runyan Pontiac-Buick, Inc., 194 W. Va. 770, 461 S.E.2d 516 (1995)
- Conley v. Gibson, 355 U.S. 41, 45-46, 78 S. Ct. 99, 2 L. Ed. 2d 80 (1957)
- Chapman v. Kane Transfer Co., 160 W. Va. 530, 236 S.E.2d 207 (1977)
- Painter v. Peavy, 192 W. Va. 189, 451 S.E.2d 755 (1994)
- Woodrum v. Johnson, 210 W. Va. 762, 559 S.E.2d 908 (2001)
- DeVane v. Kennedy, 205 W. Va. 519, 519 S.E.2d 622 (1999)
- Sanders v. Roselawn Memorial Gardens, Inc., 152 W. Va. 91, 159 S.E.2d 784 (1968)
- State ex rel. Vapor Corp. v. Narick, 173 W. Va. 770, 320 S.E.2d 345 (1984)
- Floyd v. Watson, 163 W. Va. 65, 254 S.E.2d 687 (1979)
- Janney v. Virginian Railway Co., 119 W. Va. 249, 193 S.E. 187 (1937)
- Horace Mann Insurance Co. v. Adkins, 215 W. Va. 297, 599 S.E.2d 720 (2004)
- Certain Underwriters v. Pinnoak Resources, LLC, 223 W. Va. 336, 674 S.E.2d 197 (2008)
- Board of Education v. Zando, Martin & Milstead, Inc., 182 W. Va. 597, 390 S.E.2d 796 (1990)
- Sydenstricker v. Unipunch Products, Inc., 169 W. Va. 440, 288 S.E.2d 511 (1982)
- Harvest Capital v. West Virginia Department of Energy, 211 W. Va. 34, 560 S.E.2d 509 (2002)
- Dunn v. Kanawha County Board of Education, 194 W. Va. 40, 459 S.E.2d 151 (1995)
- Hager v. Marshall, 202 W. Va. 577, 505 S.E.2d 640 (1998)
- St. Paul Fire & Marine Insurance v. Hanover Insurance, 187 F. Supp. 2d 584 (E.D.N.C. 2000)